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PRESENT DAY JOBBING

The purpose of this paper is a discussion of the jobbing business of the United States and some of its associated problems. Necessarily so many lines of trade are included, comprising food-stuffs, utensils, apparel, and mechanical supplies, covering so vast a field that it becomes impossible to fully present or even to do justice to the subject. But the methods and position of this class of distributors of manufactured products are on the whole the same and it therefore matters little that the subject is treated from the standpoint of a single one of these, a hardware jobber.

As commonly practiced, the process of distribution is threefold, comprising the activities of the manufacturer, jobber, and retailer. The manufacturer makes the goods from raw material and sells them in large quantities to the jobber, who in turn distributes in smaller lots, and oftentimes on easier terms, to the retailer. There are exceptions to this, but as a rule the manufacturer does not reach the retailer, much less the consumer, directly, and cannot do so to advantage. The jobber is an intermediary who assembles various lines of goods, carries a large and assorted stock, and by means of traveling salesmen and other agencies, sells these goods to the retailer in small assorted lots, while the retailer supplies the consumer.

The jobber stands in a very important position to the manufacturer, in that he purchases goods in large quantities. For many things, the demand is seasonal and must be supplied in quantities at one time. Economical manufacture demands a regular, even output, and most manufacturers lack both the capital and the facilities for storing their output against a heavy and brief demand coming at long intervals. The jobbers unite in taking this output off the manufacturer's hands, storing and paying for it, so that the manufacturer is provided with current funds instead of being forced to borrow large sums against the ultimate sale of an accumulating stock. In but very few lines is it practical for the manufacturer to reach the retailer or the consumer direct. The jobber keeps a varied stock, which is constantly growing more and more diversified and complex, and justifies his existence by selling these goods in assorted lots on a small margin of profit to the retailer, on terms

which are favorable to the small dealer, and oftentimes carries him through dull seasons, and aids in the development of his business.

The jobber distributes these great stocks of goods by means of extensive stores and warehouses, a large corps of traveling salesmen, and an office force well equipped with buyers, bookkeepers and correspondents.

The jobber, as he is known to-day, is a modern product, having existed only since the introduction of the factory system. When goods were almost entirely made by hand, the artisan was usually his own retailer, and not only did the manufacturing but sold his wares directly to the consumer. A large proportion of all the articles made two hundred years ago were made to order only. Of course there were exceptions, as in the case of imported goods. The old caravan routes crossing Asia and Europe are a proof of this fact, but the total sales made in this way were trifling compared with the dimensions of trade to-day. The local artisan knew his customer, but with the advent of the manufacturer, production became so great that manufacturers soon lost sight of the consumer. They now made the goods in quantities and sought some one to distribute them. This distributor was found in the jobber.

Fifty years ago the jobbing business in this country was controlled by four Eastern cities, New York, Philadelphia, Boston and Baltimore. Here a few large jobbers won national prominence as "merchant princes," although the aggregate of their business was probably small compared with the jobbers of to-day; but during the last thirty or forty years, large jobbing houses have grown up not only in cities like Chicago, San Francisco, St. Paul and St. Louis, but also in many smaller towns, until we now find it to be a frequent ambition of retailers to class themselves as jobbers, and handle the wholesale business in their own neighborhood. This ramification of the jobbing business is having its effect on the larger jobbers. New York, Philadelphia, Chicago and St. Louis no longer have a monopoly of the jobbing business, although these large cities are not easily deprived of the advantages to which they are naturally entitled by their size.

There can be little doubt that an ambition to do a larger business is oftentimes the prime motive in the development of a retailer into a jobber, and the retailer engaged in this struggle is too apt to rely upon his retail business for his profit, and to consider his jobbing

business as simply so much gain. This is a mistaken view. It often causes much harder work with little or no result, and the small dealer making this venture is very apt to become financially embarrassed in an attempt to carry his smaller customers, while the necessity for buying in large lots, in order to rank as a jobber, and to obtain lower prices from the manufacturers, constantly induces him to over-buy.

The main reliance of the jobber in placing his goods upon the shelves of the retailer is upon traveling salesmen, who take samples of the wares with them and go all over the land, into the smallest hamlet, describing the goods, their origin, their peculiar qualities for sale and for use, and aiding the shopkeeper in estimating the quantity which he will be able to use during that season. The retail trade of this country owes a vast debt to the traveling salesman, for the knowledge given regarding the goods which they handle, the explanation of business customs and training received in business methods and ideas. The traveling salesman is the local representative of the jobber, and if the jobber prides himself, as many do, upon business-like habits, and practical and correct methods, salesmen cannot fail to impart some of these ideas to the dealer. The retailer is constantly growing more intelligent, partly because of his pertinent inquiries from traveling salesmen about the credit and the amount of fire insurance he carries. Such questions bring home to the retailer the necessity of adopting correct business habits.

It may be asked: "Is not the jobber a costly distributing agency?" and it must be conceded that this service is not obtained without expense, but the jobber works on a close margin and the net returns to him are meagre compared with those of the manufacturer and retailer, who both enjoy far greater percentage of profits, while the annual increase in wealth and growth of manufacturers far exceeds that of jobbers. Owing to the severity of competition jobbers are compelled to cut their expenses down to the lowest possible figure, and it is hard to see how goods could reach the retailers in any other way. Under the jobbing system the manufacturer is relieved of the responsibility and immense and often prohibitive cost of introducing and distributing his goods in small amounts. In this age of specialization the jobber is a specialist in marketing goods and makes it his lifelong study to do this economically and to the best advantage.

Is the relation of jobber to manufacturer and retailer to con-

tinue? In order to consider his position more intelligently let us look more closely into the jobber's functions.

1. As a rule, a manufacturer makes a single line of goods and, by reason of his concentration, is able to manufacture cheaply and to the best advantage, but the cost of selling these single lines to the retailer would be so great as to make such a course prohibitive. Some interesting analyses have been made showing the number of various manufactures included in a single bill purchased from a jobber. One frequently sees such charges amounting perhaps to 200 pounds in weight and \$25 in value and yet representing fifteen or twenty manufacturers, clearly showing the enormous cost which would be incurred if the fifteen or twenty manufacturers attempted to sell their goods directly to the retailer, while the freight and express charges on small quantities would alone make such direct dealing impossible.

2. While one or two manufacturers have attempted to make a general line comprising most of the articles needed in one jobbing line, there is no manufacturer to-day who can make a sufficiently varied output to supply all a jobber's needs, and, as we know, the tendency of modern manufacturing is more and more towards the manufacture of a single line of goods—in some cases of a single quality.

3. Frequently, manufacturers do not have sufficient capital to enable them to dispose of their goods in small lots to the retailer. They must have funds, and, by selling in large lots to the jobber, who usually takes the goods in advance of the season and discounts his purchases, they are able to do business on a smaller amount of capital.

4. The business qualities which go to make up the manufacturer and the jobber are oftentimes very different. There are frequent cases where manufacturers are capable makers of goods but not successful in marketing them.

5. The jobber insures the manufacturer a more certain market. We have known large manufacturers, who have had on their books only fifteen or twenty customers, all of whom were large jobbers, while these same jobbers, probably had in many cases three or four thousand retail accounts on their individual ledgers. The manufacturer, therefore, practically knows where he can dispose of his output, and is enabled to do business with greater certainty. In

view of all these conditions, it may well be claimed that the jobber is a most useful and economical factor in distribution. It is not fair to part from this subject without mentioning a development of the last few years, which necessitates viewing jobbing from another standpoint. This is the growth of the so-called catalogue houses. These may be divided into two classes :

a. Catalogue jobbers who, like the jobber, sell to the retailer only.

b. Catalogue retailers who ignore the retailer, and sell directly to the consumer.

Both use the same general methods in trying to buy directly from manufacturers and in sending out large net price catalogues in which they endeavor to outbid all others in making low and attractive prices. This business has had a remarkable expansion, particularly in the West, but side by side has gone the development and increase of the jobbing business. This raises the question of the efficiency of the catalogue as compared with the traveling salesman. There is no doubt that the usual preference of the retailer would be to buy goods from the traveling salesman. Catalogue or no catalogue, moreover, the salesman on the spot will get the order if he meets the price. The jobber has a great advantage through his salesmen over a firm selling by catalogue. He is kept more constantly apprised of local conditions, and so in much closer association with his customers.

Jobbers have always shown themselves ready to adapt new methods and customs. Only lately automobiles have been called in their service. Traveling salesmen may now be found going through the country in automobiles, independent of railroads, time-tables, and annoying waits at railway stations. It is safe to say the jobbers will not allow themselves to be set aside, and including in their class many of the keenest minds in business, they will not be slow to adopt promptly such methods as may be needed to maintain their position. Traveling salesmen were unknown some forty years ago. If the retailer prefers to buy by mail from catalogues, jobbers will no doubt be as ready to dispense with traveling salesmen as they were to take them on forty years ago.

While the catalogue retailer is not specifically included in our discussion his effect on trade relations warrants a few words. The catalogue retailer is an even later evolution than the catalogue jobber.

Several large houses now aim to ignore the local retailer entirely, and sell directly to the consumer. The methods of these houses may fairly be regarded as questionable. The local retailer is naturally more or less prominently identified with local interests, and the merchants of any country town are the pushing and progressive men of the place. They pay local taxes, thereby helping to support the town and county in which they live. They carry their customers, particularly in farming communities and in the South, for long periods. In times of crop failure, or even in good years between crops, the local retailer is oftentimes the main dependence of the farmer, who, without the credit given him by the retailer, would be unable to get the necessities of life. The retailer falls back upon the jobber for similar support in credit, but the benefits conferred by the local retailer in this way are hardly sufficiently appreciated. Too often, the temptation of an apparently low price will cause a consumer living in the country or some small town to send his cash to a catalogue retailer in some large city, while the same day he may go to his local retailer and ask three to six months' credit on something that he is buying from him. One such house, for example, issues a catalogue saying in large type to the consumer: "This gives you the prices your dealer pays for the goods he buys and will prevent him from overcharging you on any goods you buy from him." This is simply a dog-in-the-manger business, entirely ignoring the principle of "live and let live." The moral propriety of such a policy is certainly doubtful.

Apart, however, from the ethics of the case, there are many disadvantages of dealing altogether by mail, as the average consumer wishes to see and handle goods before he buys them. This feeling is so strong that it seems to insure the permanency of the local dealer, and yet if he is to remain, the consumer must realize that he owes a duty to his retailer, and that it is not fair or right to send his money to a catalogue house at a distance, while he compels his local retailer to wait for his money until he sells his cherries in the spring or his corn in the fall. If the local dealer is to remain, how can his wants be supplied except by the jobber?

Jobbing ethics, on the whole, are most creditable. All first-class jobbers to-day act on the principle that they are in business to stay. Many can boast a history of from fifty to one hundred years, and no jobber can expect a continued existence unless he prac-

tices honorable methods, thereby winning and retaining the respect and confidence of the trade. The inducements the jobber has to offer to-day are those of location, size and variety of stock, prompt shipment, courteous attention, fair treatment and low prices, and much attention is paid by all progressive houses to the improvement of these advantages.

As for the traveling salesman himself, it may be said there has been a decided development in his character and habits. The old-style traveler, who was always associated with late hours and whose disposition was to treat his customers to liquor, is largely passing away. A certain mayor of Philadelphia in an attempt to abolish music gardens gained notoriety by his remark, "Beer and music won't mix." The general consensus of opinion in the jobbing trade is that liquor and business will not mix, and the successful salesman of to-day must not only be a man of reliable judgment, bright and enterprising, but he must also have clean habits and a good character.

Recent years have shown in some lines of business the tendency of jobbers to come together in jobbing associations, and this is in line with the general trend of industrial affairs. These jobbing associations, as a rule, do not partake of the nature of a trust, and are a menace neither to the retailer nor to the consumer. An evil factor in competition has been personal feeling, and jobbers, frequently in the same city, have oftentimes sacrificed profits simply because, not coming in contact with fellow-jobbers, they have taken for granted that their competitors were not worthy of acquaintance, and simply fit subjects for commercial war. Jobbing associations have done much to remove this personal feeling. The mere fact that the members meet occasionally, and perhaps once or twice a year sit down together to dinner, goes far toward breaking up this feeling of personal animosity which is far too costly to be carried into modern business. It is rarely that such associations attempt to regulate prices, but by free interchange of information, they prevent the spread of unfounded reports, and working together are able to take up such matters as freight charges, postal and express rates, and trade abuses; while some associations have deliberately pursued a policy of educating their own weaker members into proper business habits.

These associations also stand in important relation to the

manufacturers, and have frequently been able to induce them to adopt better methods in the disposal of their goods. The associations have taken the view that jobbers are the natural outlet for the manufacturer, who should regard the jobber as his selling agent, and not his enemy, and that their interests are joint and often identical. Manufacturers have in many cases readily responded to this liberal idea, and an element of harmony has thus been brought into their relations. In all such matters, jobbing associations have been highly useful, while in these days of mammoth corporations and trusts, they have often been able to command a hearing where the individual jobber would have been ignored.

Such, then, is a brief account of the jobber as he appears to-day. He is the outgrowth of modern business conditions, and well equipped to distribute cheaply and to the best advantage, the vast volume of goods daily outpoured by manufacturers who find it impracticable to market their goods directly. There seems to be no other channel through which the retailers can be so economically and advantageously supplied with a sufficient assortment of goods in all their variety of sizes and styles. No other agency offers to carry the retailer financially through dull seasons and times of stress, and without the jobber, manufacturers would often find it impossible to obtain proper representation to the retailers. The jobber has won his position by hard, intelligent work and economical service, and is apparently an indispensable agent in the distribution of goods.

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